

THIS AGREEMENT made this 24<sup>th</sup> day of September 1979, between James D. Haynes and his wife Janet D. Haynes; Marlin E. Haynes and his wife Velma B. Haynes; and Ray E. Haynes and his wife Rita S. Haynes, whose address is: 272 Woodland Forest, Section 3, Tuscaloosa, Alabama 35405, hereinafter called Lessor, and Atlantic Richfield Company, P. O. Box 2819, Dallas, Texas 75221, hereinafter called Lessee,

WITNESSETH:

1. Lessor, in consideration of Ten (10.00) dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas and sulphur, together with the right to make surveys on said lands, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water (provided written consent is obtained for the disposal of salt water from the Lessor, which shall not be unreasonably withheld if the disposal does not interfere with land use policies), construct roads and bridges, dig canals, build tanks, power stations, power lines, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the lands covered hereby. The land covered hereby, herein called "said land", is located in Tuscaloosa and Shelby Counties, of the State of Alabama, and is described as follows:

TUSCALOOSA COUNTY, ALABAMA:

105.00 acres

Township 22 South, Range 8 West:

Section 17: The Southeast Quarter of the Southwest Quarter, less and except one (1) acre; and the Southwest Quarter of the Southwest Quarter, less and except fourteen (14) acres off the South end.

Section 18: The Southeast Quarter of the Southeast Quarter.

SHELBY COUNTY, ALABAMA:

130. acres

Township 21 South, Range 1 West:

Section 35: The North one-half of the Southwest Quarter; the South one-half of the Southeast Quarter of the Northwest Quarter; and the South one-half of the North one-half of the Southeast Quarter of the Northwest Quarter.

Township 24 North, Range 15 East:

Section 24: The South one-half of the Southwest Quarter of the Southwest Quarter.



BOOK 324 PAGE 542

Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 235 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus and agrees to accept the delay rental as lump sum consideration for this lease and all rights, and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called the "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-sixth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the market price of such one-sixth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-sixth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas, including casinghead gas or other gaseous substances, produced from said land and sold or used off the premises for the extraction of gasoline or other product therefrom, one-sixth of the market value computed at the mouth of the well of the gas so sold or used; provided that on gas sold by lessee the market value shall not exceed the cash proceeds received by the lessee for such gas computed at the mouth of the well, and on gas sold at the well the royalty shall be one-sixth of the cash proceeds realized by lessee from such sale. (c) To pay lessor



on sulphur marketed a royalty of Two Dollars and Fifty Cents (\$2.50) per long ton. (d) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing gas or any other mineral covered hereby, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in a depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each. Lessee shall notify lessor, in writing, of any assignment of this lease in whole or in part. If the price of any mineral or substance upon which royalty is



payable hereunder is regulated by any law or governmental agency, the market value or market price of such mineral or substance for the purpose of computing royalty hereunder shall not be in excess of the price which Lessee may receive and retain.

4. Lessee is hereby granted the right, at its option, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 80 surface acres plus 10% acreage tolerance; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are prescribed or permitted under any governmental rule or order for drilling or operation of a well at a regular location, or for the obtaining of a maximum allowable, from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size prescribed or permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded and a copy shall be mailed to the lessor. Each of said options may be exercised by lessee from time to time, and whether before or after production has been established either on said land or on the portion of said land included in the unit or on other land unitized therewith and any such unit may include any well to be drilled, being drilled or already completed. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be land or mineral, royalty or leasehold interests in land within the unit which are not pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease included in any such unit that



324 PAGE 545  
BOOK

proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. In a field-wide unit, the allocation of production shall take into consideration a mineral acre factor and a recoverable hydrocarbons factor. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of such unit shall not have the effect of changing the ownership of any delay rental or shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. A unit may be so established, modified or dissolved during the life of this lease.

5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the First National Bank of Columbiana, at Columbiana, Alabama, or its successors,



which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ 235.00, which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term, provided that the delay rental for the sixth year of the primary term shall be the equivalent of the first year bonus payment. If at any time that Lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to Lessor or to a depository bank on or before the last date of payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; Provided, however, Lessee shall correct such error within thirty (30) days after Lessee has received written notice thereof from Lessor. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith



shall thereupon be reduced in the proportion that the acreage leased bears to the acreage which was covered by this lease immediately prior to such release.

6. If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate on its anniversary date next following the ninetieth day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental; provided however, if such anniversary date is at the end of the primary term, or if there is not further anniversary date of the primary term, this lease shall terminate at the end of such term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in a endeavor to obtain production of oil, gas, or sulphur, production of oil, gas, or sulphur, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty of water, other than from lessor's wells and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon

the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, delay rental, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the rights of other leasehold owners hereunder.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part



of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither of the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all of its obligations hereunder. Should it be asserted in any notice given to the lessee under the provisions of this paragraph that lessee has failed to comply with any implied obligation or covenant hereof, this lease shall not be subject to cancellation for any such cause except after final judicial ascertainment that such failure exists and lessee has then been afforded a reasonable time to prevent cancellation by complying with and discharging its obligations as to which lessee has been judicially determined to be in default. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants title to the oil, gas and minerals covered by this lease, but its liability for breach or warranty shall be limited to the return by lessor to lessee of the net production royalties (after deducting all taxes and other governmental charges and assessments on production) received by lessor under this lease on actual production from the particular portion of property as to which lessor's title shall have failed or a proportionate part thereof in the event of failure of title to an undivided interest therein. Except as provided in this paragraph, lessor makes no warranties as to



title and shall be neither liable nor obligated to take any action in the event of a defect therein. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

11. If, at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. This lease may be perpetuated beyond the primary term hereof only as to that portion of the leased premises which may be included in a drilling or producing unit the size and conformity of which has been established by governmental agency; EXCEPT, however, as to the acreage not included in such a drilling or producing unit, then such acreage may be perpetuated beyond the primary term of this lease by the payment of annual delay rentals. it is understood that the perpetuation of said



lease by the payment of said delay rentals beyond the primary term shall be limited to three years.

13. Lessee recognizes and understands that there are certain on-going multiple uses of lands covered in this lease by the Lessor and other Lessees such as timber harvesting, planting, and improvement; mining, hunting and other business activities that may be carried on simultaneously with Lessee's intended use. Lessee will coordinate with the Lessor's appropriate entity and so conduct its operations hereunder so as not to interfere unreasonable with Lessor and its other Lessees in their operation of their business.

Lessee shall pay for damages caused by its operations to crops, merchantable and pre-merchantable timber, wildlife food plots, ponds, lakes, improved woods roads, boundary markers, signs, gates and other improvements. Lessee shall notify Lessor in writing 30 days in advance of location of planned operations that will likely cause damages to Lessor's improvements, flora or fauna.

14. Paragraph 10 notwithstanding, lessor and lessee shall bear, in proportion to their respective participations in the production hereunder, all taxes levied on oil, gas or sulphur, covered hereby or any part thereof, or on the severance or production thereof, and all increases in taxes on the leased premises or any part thereof attributable to the recovery of hydrocarbons by reason of actual existence of, or the discovery of such thereon or thereunder. Lessee may pay such taxes and deduct the part thereof due by lessor from amounts payable to lessor hereunder, and shall furnish a statement of all taxes so paid and deducted at the time of payments to lessor. Any and all taxes, licenses, fees and other governmental charges assessed against the works, machinery, structures, and other things constructed or used by lessee in connection with its operations hereunder shall be borne and paid by lessee alone.

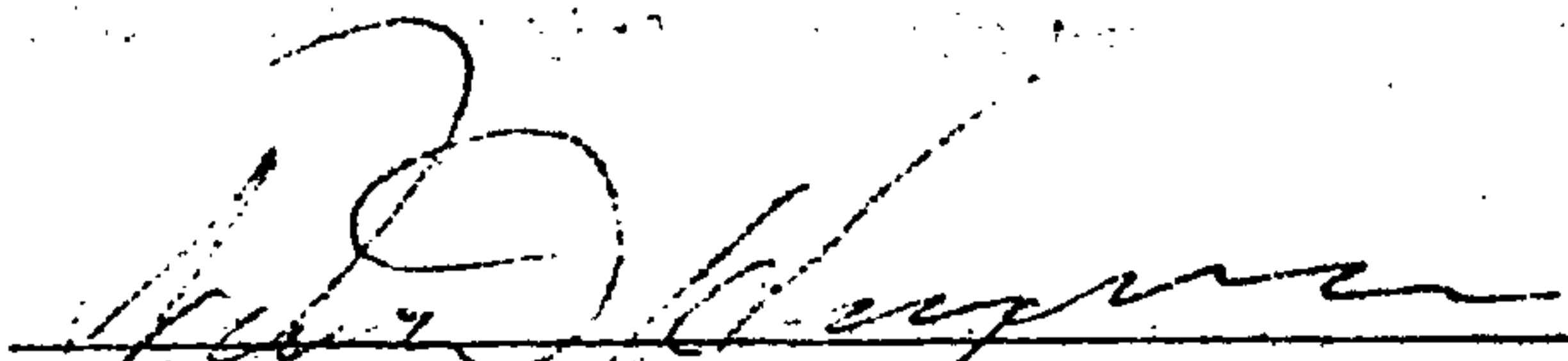
15. Lessee agrees that it will drill no wells hereunder which will in any way interfere with the operation of or endanger lessor's plants or other facilities. Lessee shall be

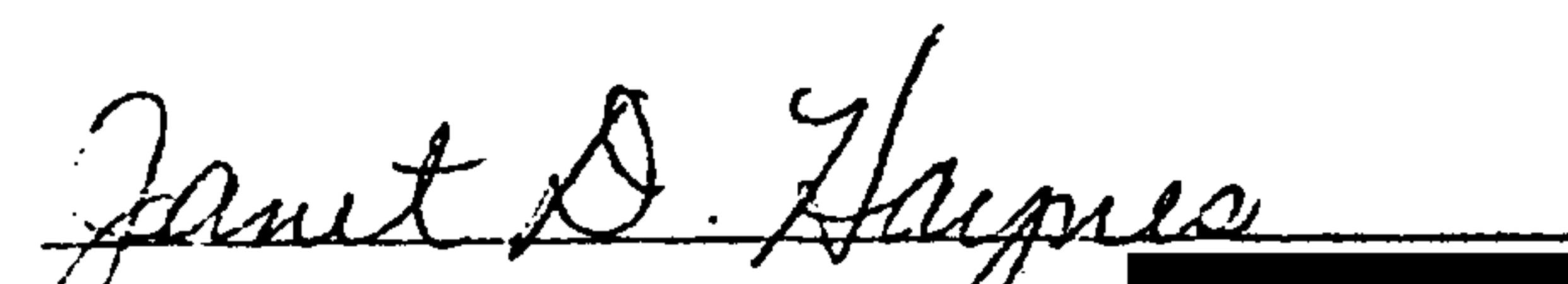


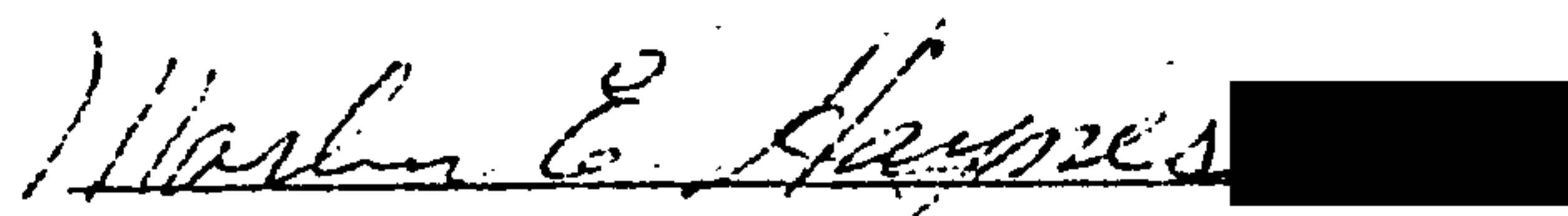
responsible to and pay lessor for any damage to lessor's real or personal property caused by lessee or any other person acting under this lease. Lessee further agrees that it will be responsible for, indemnify lessor against, hold lessor harmless from, and defend lessor against any and all liabilities, damages, actions, claims or demands of any nature whatsoever arising out of or in any way relating to or caused by activities conducted or proposed by lessee or any other person under this lease, including any costs, expenses (including reasonable attorneys' fees), or losses charged or claimed against lessor in connection with any such liabilities, damages, actions, claims or demands. Lessee shall furthermore reimburse lessor for any costs, expenses (including reasonable attorneys' fees), or losses incurred and paid by lessor in connection with any such liabilities, damages, actions, claims or demands.

16. If operations are not conducted on said lands on or before the first or second anniversary date hereof, Lessee may not terminate this lease by non-payment of delay rentals. Such delay rentals are hereby guaranteed to be paid on the first and second anniversary dates of this lease, provided operations, as herein defined, are not being conducted on such anniversary dates.

IN WITNESS WHEREOF, this instrument is executed on the date first above mentioned.

  
JAMES D. HAYNES SS# [REDACTED]

  
JANET D. HAYNES SS# [REDACTED]

  
MARLIN E. HAYNES SS# [REDACTED]

  
VELMA B. HAYNES SS# [REDACTED]

  
RAY E. HAYNES SS# [REDACTED]

  
RITA S. HAYNES SS# [REDACTED]

BOOK 324 PAGE 552



STATE OF ALABAMA

COUNTY OF Tuscaloosa

SS.

19800121000008680 Pg 13/13 .00  
Shelby Cnty Judge of Probate, AL  
01/21/1980 00:00:00 FILED/CERTIFIED

I hereby certify, that on this day, before me, the undersigned authority, duly authorized in the state and county aforesaid to take acknowledgements, personally appeared James D. Haynes, Janet D. Haynes, Marlin E. Haynes, Velma B. Haynes, Ray E. Haynes and Rita S. Haynes, to me known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that, being informed of the contents of the same, they voluntarily signed and delivered the within and foregoing instrument on the day and year therein mentioned.

Given under my hand and official seal, this 24<sup>th</sup> day of September, A. D., 1979.



Shirley C. Johnson

Notary Public, State of Alabama,  
(Title of Official) at Large

My commission expires 7/14/81 in and for Tuscaloosa County, Alabama.

324 PAGE 553  
BOOK

STATE OF ALA. SHELBY CO.  
I CERTIFY THIS  
INSTRUMENT WAS FILED

1980 JAN 21 AM 10:43

William A. Snowden, Jr.  
JUDGE OF PROBATE

Deed 2.50  
Mortgage 6.50  
Rec. 19.50  
Ind. 1.00  
29.50